

116TH CONGRESS  
1ST SESSION

# H. R. 3014

To amend title 10, United States Code, and the Small Business Act to improve innovation in defense procurement, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

MAY 23, 2019

Mr. THORNBERRY introduced the following bill; which was referred to the Committee on Armed Services, and in addition to the Committees on Small Business, and Science, Space, and Technology, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

---

## A BILL

To amend title 10, United States Code, and the Small Business Act to improve innovation in defense procurement, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “Accelerating Defense Innovation Act of 2019”.

6       (b) TABLE OF CONTENTS.—

Sec. 1. Short title and table of contents.

Sec. 2. Alignment of the Small Business Innovation Research Program and Small Business Technology Transfer Program of the Department of Defense with the National Defense Science and Technology Strategy.

Sec. 3. Pilot program for domestic investment under the SBIR program.

Sec. 4. Cybersecurity technical and business assistance for SBIR and STTR programs.

Sec. 5. Phase 0 proof of concept partnership program for the Department of Defense.

Sec. 6. Modification to the Defense Research and Development Rapid Innovation Program.

Sec. 7. Establishment of joint reserve detachments at Defense Innovation Unit.

**1 SEC. 2. ALIGNMENT OF THE SMALL BUSINESS INNOVATION  
2 RESEARCH PROGRAM AND SMALL BUSINESS  
3 TECHNOLOGY TRANSFER PROGRAM OF THE  
4 DEPARTMENT OF DEFENSE WITH THE NA-  
5 TIONAL DEFENSE SCIENCE AND TECH-  
6 NOLOGY STRATEGY.**

7 (a) IN GENERAL.—The Secretary of Defense and  
8 Secretaries of the military departments shall, to the extent  
9 possible, align the research topics selected for activities  
10 conducted under the Small Business Innovation Research  
11 Program and Small Business Technology Transfer Pro-  
12 gram (as defined under section 9 of the Small Business  
13 Act (15 U.S.C. 638)) with the National Defense Science  
14 and Technology Strategy established under section 218 of  
15 the John S. McCain National Defense Authorization Act  
16 for Fiscal Year 2019 (Public Law 115–232; 132 Stat.  
17 1679).

18 (b) USE OF NATIONAL DEFENSE SCIENCE AND  
19 TECHNOLOGY STRATEGY TO DETERMINE RESEARCH

1 TOPICS.—Section 9 of the Small Business Act (15 U.S.C.

2 638) is amended—

3 (1) in subsection (g)(3)(B), by striking “, in the  
4 1992 report” and all that follows through “that au-  
5 thority” and inserting “in the National Defense  
6 Science and Technology Strategy established under  
7 section 218 of the John S. McCain National Defense  
8 Authorization Act for Fiscal Year 2019 (Public Law  
9 115–232; 132 Stat. 1679)”; and

10 (2) in subsection (o)(3)(B), by striking “, in ac-  
11 cordance with section 2522 of title 10, United States  
12 Code” and inserting “in the National Defense  
13 Science and Technology Strategy established under  
14 section 218 of the John S. McCain National Defense  
15 Authorization Act for Fiscal Year 2019 (Public Law  
16 115–232; 132 Stat. 1679)”.

17 **SEC. 3. PILOT PROGRAM FOR DOMESTIC INVESTMENT**

18 **UNDER THE SBIR PROGRAM.**

19 (a) SENSE OF CONGRESS.—It is the sense of Con-  
20 gress that the Administrator of the Small Business Ad-  
21 ministration should promulgate regulations to carry out  
22 the requirements under section 9(dd) of the Small Busi-  
23 ness Act (15 U.S.C. 638(dd)) that—

24 (1) permit small business concerns that are ma-  
25 jority-owned by multiple venture capital operating

1 companies, hedge funds, or private equity firms to  
2 participate in the SBIR program in accordance with  
3 such section;

4 (2) provide specific information regarding eligi-  
5 bility, participation, and affiliation rules to such  
6 small business concerns; and

7 (3) preserve and maintain the integrity of the  
8 SBIR program as a program for small business con-  
9 cerns in the United States by prohibiting large enti-  
10 ties or foreign-owned entities from participation in  
11 the SBIR program.

12 (b) DOMESTIC INVESTMENT PILOT PROGRAM.—

13 (1) IN GENERAL.—Not later than 1 year after  
14 the date of the enactment of this Act and notwith-  
15 standing the requirements of section 9(dd) of the  
16 Small Business Act (15 U.S.C. 638(dd)), the Sec-  
17 retary of Defense shall create and administer a pro-  
18 gram to be known as the “Domestic Investment  
19 Pilot Program” under which the Secretary and the  
20 service acquisition executive for each military de-  
21 partment may make a SBIR award to a small busi-  
22 ness concern that is majority-owned by multiple ven-  
23 ture capital operating companies, hedge funds, or  
24 private equity firms without providing the written

1 determination described under paragraph (2) of such  
2 section 9(dd).

3 (2) LIMITATION.—The Secretary of Defense  
4 may award not more than 15 percent of the funds  
5 allocated for the SBIR program of the Department  
6 of Defense under section 9(f) of the Small Business  
7 Act (15 U.S.C. 638(f)) to small business concerns  
8 that are owned in majority part by multiple venture  
9 capital operating companies, hedge funds, or private  
10 equity firms through competitive, merit-based proce-  
11 dures that are open to all eligible small business con-  
12 cerns.

13 (3) EVALUATION CRITERIA.—In carrying out  
14 the Domestic Investment Pilot Program, the Sec-  
15 retary of Defense may not use investment of venture  
16 capital or investment from hedge funds or private  
17 equity firms as a criterion for the award of contracts  
18 under the SBIR program or STTR program.

19 (4) ANNUAL REPORTING.—The Secretary of  
20 Defense shall include as part of each annual report  
21 required under section 9(b)(7) of the Small Business  
22 Act (15 U.S.C. 638(9)(b)(7))—

23 (A) information on the implementation of  
24 the Domestic Investment Pilot Program;

(C) the number of awards made to such small business concerns.

12 (c) DEFINITIONS.—In this section:

13                             (1) SBIR.—The term “SBIR” has the meaning  
14                             given in section 9(e) of the Small Business Act (15  
15                             U.S.C. 638(e)).

## 22 SEC. 4. CYBERSECURITY TECHNICAL AND BUSINESS AS- 23 SISTANCE FOR SBIR AND STTR PROGRAMS.

24 Section 9(q)(1) of the Small Business Act (15 U.S.C.  
25 638(q)(1)) is amended—

1                             (1) in the matter preceding subparagraph (A),  
2                             by inserting “cybersecurity,” after “product sales,”;  
3                             and

4                             (2) in subparagraph (A), by striking “deci-  
5                             sions” and inserting “decisions, including decisions  
6                             relating to cybersecurity practices”.

7 **SEC. 5. PHASE 0 PROOF OF CONCEPT PARTNERSHIP PRO-**  
8                             **GRAM FOR THE DEPARTMENT OF DEFENSE.**

9                             Section 9(jj) of the Small Business Act (15 U.S.C.  
10 638) is amended—

11                             (1) in paragraph (1), by striking “The Director  
12                             of the National Institutes of Health” and inserting  
13                             “A covered agency head”;

14                             (2) by striking “The Director” each place it ap-  
15                             pears and inserting “A covered agency head”;

16                             (3) by striking “the Director” each place it ap-  
17                             pears and inserting “a covered agency head”;

18                             (4) in paragraph (2)—

19                             (A) by amending subparagraph (A) to read  
20                             as follows:

21                             “(A) the term ‘covered agency head’  
22                             means—

23                             “(i) with respect to the STTR pro-  
24                             gram of the National Institutes of Health,

1                   the Director of the National Institutes of  
2                   Health; or

3                   “(ii) with respect to the STTR pro-  
4                   gram of the Department of Defense, the  
5                   Secretary of Defense;”; and

6                   (B) in subparagraph (C), by striking “in  
7                   the National Institutes of Health’s STTR pro-  
8                   gram” and inserting “in either the STTR pro-  
9                   gram of the Department of Defense or the  
10                  STTR program of the National Institutes of  
11                  Health”; and

12                  (5) in paragraph (4)(A), by inserting “partici-  
13                  pating in the STTR program administered by such  
14                  agency head” after “a qualifying institution”.

15 **SEC. 6. MODIFICATION TO THE DEFENSE RESEARCH AND**  
16                   **DEVELOPMENT RAPID INNOVATION PRO-**  
17                   **GRAM.**

18                  (a) INCREASE TO FUNDING.—Section 2359a(b)(3) of  
19                  title 10, United States Code, is amended by striking  
20                  “\$3,000,000” and inserting “\$6,000,000”.

21                  (b) REPORT.—Not later than 180 days after the date  
22                  of the enactment of this Act, the Secretary of Defense  
23                  shall submit to the congressional defense committees a re-  
24                  port on the program established under section  
25                  2359a(b)(3) of title 10, United States Code (commonly

1 known as the “Defense Research and Development Rapid  
2 Innovation Program”), which shall include—

3                 (1) with respect to the two fiscal years pre-  
4 ceding the submission of the report—

5                         (A) a description of the total number of  
6 proposals funded under the program;

7                         (B) the percent of funds made available  
8 under the program for Small Business Innova-  
9 tion Research Program projects; and

10                         (C) a list of Small Business Innovation Re-  
11 search Program projects that received funding  
12 under the program that were included in major  
13 defense acquisition programs (as defined in sec-  
14 tion 2430 of title 10, United States Code) and  
15 other defense acquisition programs that meet  
16 critical national security needs; and

17                         (2) an assessment on the effectiveness of the  
18 program in stimulating innovation technologies, re-  
19 ducing acquisition or life-cycle costs, addressing  
20 technical risk, and improving the timeliness and  
21 thoroughness of test and evaluation outcomes.

22 **SEC. 7. ESTABLISHMENT OF JOINT RESERVE DETACH-  
23 MENTS AT DEFENSE INNOVATION UNIT.**

24                 (a) ESTABLISHMENT.—The Secretary of Defense, in  
25 consultation with the Secretaries of the military depart-

1       ments, shall establish not fewer than three joint reserve  
2       detachments (referred to in this section as “Detach-  
3       ments”) at locations of the Defense Innovation Unit—

4                 (1) to support engagement and collaboration  
5                 with commercial innovation hubs; and  
6                 (2) to accelerate the transition and adoption of  
7                 commercial technologies for national security pur-  
8                 poses.

9                 (b) COMPOSITION.—Each Detachment shall be com-  
10         posed of members of the reserve components who possess  
11         relevant private sector experience in the fields of business,  
12         acquisition, intelligence, engineering, technology transfer,  
13         science, mathematics, contracting, procurement, logistics,  
14         cyberspace security, or such other fields as are determined  
15         to be relevant by the Under Secretary of Defense for Re-  
16         search and Engineering.

17                 (c) RESPONSIBILITIES.—The Detachments shall have  
18         the following responsibilities:

19                         (1) Each Detachment shall provide the Depart-  
20         ment of Defense with expertise, analysis, alternatives  
21         for innovation, and opportunities for greater engage-  
22         ment and collaboration between the defense innova-  
23         tion ecosystem and commercial industry.

24                         (2) Each Detachment shall, on an ongoing  
25         basis—

- 1                             (A) recruit, retain, and employ members of  
2                             the reserve components who possess relevant  
3                             private sector experience, as described in sub-  
4                             section (b);  
5                             (B) partner with the military services, the  
6                             combatant commands, and other Department of  
7                             Defense organizations to seek and rapidly pro-  
8                             totype advanced commercial solutions while  
9                             lowering the barrier to entry to serve defense re-  
10                            quirements;  
11                             (C) increase awareness of—  
12                                 (i) the technology portfolios of the De-  
13                             fense Innovation Unit; and  
14                                 (ii) the technology requirements of the  
15                             Department of Defense as identified in the  
16                             National Defense Science and Technology  
17                             Strategy developed under section 218 of  
18                             the John S. McCain National Defense Au-  
19                             thorization Act for Fiscal Year 2019 (Pub-  
20                             lic Law 115–232; 132 Stat. 1679);  
21                             (D) capitalize on the growing investment  
22                             in research and development made by the com-  
23                             mercial industry in assessing and maturing  
24                             dual-use technologies; and

(E) carry out such other activities as may be directed by the Under Secretary of Defense for Research and Engineering.

4           (d) DEADLINE FOR ESTABLISHMENT OF DETACH-  
5 MENTS.—The Secretary of Defense shall ensure that—

(1) at least one Detachment is established on or before October 1, 2020; and

11 (e) IMPLEMENTATION REPORT.—

17 (A) an organizational plan for the Detach-  
18 ments;

21 (C) a timeline specifying when each De-  
22 tachment will attain initial operational capa-  
23 bility and full operational capability, respec-  
24 tively.

1                   (2) CONSULTATION.—In preparing the report  
2        required under paragraph (1), the Under Secretary  
3        of Defense for Research and Engineering shall con-  
4        sult with the Director of the Defense Innovation  
5        Unit and the head of each military service.

